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ABSTRACT

The development of industrial democracy in Norway is traced by the speaker in introducing an international conference on manpower training and development. As a context for the chain of events to be examined, basic information about Norway is presented: population data, the country's democratic tradition, the history of industrial development, the main organizations in working life (Norwegian Employers' Confederation--N.A.F.--and the Norwegian Federation of Trade Unions--LO), and the labor movement and the founding of the Labor Party by the LO. The speaker describes the processes by which industrial democracy has developed during the past century. (AJ)

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The Development of Industrial Democracy in Norway.

By Director Lars Bjorheim.

I have - so to say at the very start of this seminar - been charged with the task of describing to you the development of "industrial democracy" in Norway.

It is hardly necessary to say - because this you will understand by yourself - that with a time limit of some forthy minutes it is impossible to fulfill such a task in the sence that the description should be a complete one. This would for obvious reasons require a course of lectures.

Consequently, I have to limit my statement. In the following my effort will be to give an accont of, what I would prefer to call, highlights in a development who has lead to the prevailing situation.

Anyhow, whenever examining the chain of events - I think it is worthwhile allways to bear in mind some basic facts which - after my opinion - have played - partly plays - and in the future will play an important part of the scene of industrial democracy in our country.

One of these basic facts concerns the Norwegian population, the countrys' democratic tradition and the industrial development.

Norway has today nearly 4 million inhabitants. During the last hundred years the population has nearly tripled, in spite of emigration, which in the last decades of the past century and the first decades of this extendeded to 20.000 persons a year. About all Norwegians belong to the same race - i.e. the pure nordic race.
The language is closely related to Swedish and Danish, and the same written language is used all over the country. Although there are several dialects, none has difficuelties in understanding the other.

More than 96 % of the population belong to the Christian Protestantic State-Church, but in spite of that there is no - and have not for the last 170 years been - any discrimination against other religions.
The educational standard has in many years been relatively high. The compulsory public primary schoolsystem origins from 1739, and from the end of the 19th century a 7 year compulsory primary school was introduced. Today nine years of primary school is compulsory.

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As it comes to the democratic traditions I will confine myself just to mention that:

- In 1814 Norway got its constitution which secured the basic mutual rights for the people and peeled off nobility.

- In 1884 the parliamentary system was introduced. In 1898 followed common voting rights for men, and from 1913 women gained the same right.

- 1905, the union with Sweden, which existed since 1814, was dissolved by referendum, and an overwhelming majority voted for Norway to be a monarchy. Consequently Norway has since 1905 been an independant kingdom.

With regard to the industrial development I find it sufficient to mention that industrialisation in Norway started in the 1840's. It's growth and relative importance is indicated in the following table:

Year	Percent of population	
	Industry/handicraft	Agriculture/forestry and fisheries
1	2	3
1865	16.0	64.0
1890	21.8	51.1
1920	28.8	39.4
1950	34.3	27.3
1960	34.7	18.2

Since 1960 the percentage occupied in industry by and large have stabilised, while the figures in agriculture etc. are still decreasing.

In many ways, Norway seems to be on the doorstep to the post-industrial society. Anyhow - it should be noted that the average Norwegian industrial undertaking - measured by number of employees is small.

Let us by now turn to another of the basic facts of importance i.e. the main organisations in working life, on one hand the Norwegian Employers Confederation (N.A.F.) on the other the Norwegian Federation of Trade Unions (LO).

A social revolution by peaceful means - this is probably the most characteristic feature of development in Norway during the last 100 years. Of course, "the revolution" was not entirely and consistently peaceful; at times, the atmosphere became quite heated, and there were even moments when the signs pointed to a life-and-death struggle between the opposing parties. But even in the most critical situations it proved possible to build'a dam against the deluge' and to canalise and control the forces involved.

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In the chain of events in this process, the organisations of employers and workers have played a central role. They have been active in the social, economic, political as well as in the purely human field, and consequently they have exercised a far-reaching influence on law and legal institutions.

It would be adequate to go back to the 1870's; there were developments before that which presaged the subsequent rise of the employers' and workers' organisations. But it was not until the 1870's that events occurd that obvious demonstrated that profound changes were in the process of developing in the relationship between employers and workers. Those events were the strikes that were started - and the trade unions that were formed in more or less direct connection with the strikes, though some of the strikes and union activities in the 1870's, were sporadic in character. Nevertheless, the importance of these activities should not be underestimated. Both the strikes and the unions drew attention to economic, social and human conditions which hitherto, consciously or unconsciously, had been overlooked and ignored. For the first time, society was made aware that the employers were faced with a counterpart - a body of workers who were beginning to realise that they too should have a voice in industrial relations.

This realisation was expressed in the form of a growing debate about extending and intensifying the power-struggle of workers. It became clear that in order to promote their interests as wage-earners, the workers must secure the support of a strong trade movement. Consequently, in the course of the 1890's, strong movements were started within the various crafts and industries in Norway to develop an effectiv organisation. These efforts resulted also in an increasing centralisation and co-ordination of the various trade unions, and in 1899, a national federation of trade unions - LO - was finally established.

The developments, culminating in the creation of the LO, did not escape the notice of the employers; the more intelligent and far-sighted among them sought to establish a corresponding organisation by the creation of an employers' federation - N.A.F. - in 1900.

Last - but not least - in this "basic fact-section" it is only fair to mention the Norwegian labour-movement. It must in this context be emphazised that this movement by and large have consisted of the Siamese-twins, i.e. the Labour Party and the LO.
It has, when it comes to the LO never been questioned that the organisation supports the Labour Party. As a matter of fact, it was a group of Norwegian trade unions that in 1887 founded the Labour Party.

As we will see - it is hardly an exaggeration to say that the frequently repeated claims from the labour movement have been the very catalysor in the industrial democracy process.

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There is of course a possibility to multiply the relevant basic facts which should be taken into consideration. I won't do so, but I would like to draw your attention to the common fact that industrialisation, the founding of the main organisations, as well as the forming of the Labour Party occured almost simultaneously in a country with a democratic tradition, with relatively fair education standard amongst a small population of same race, language and religion.

And by now we will turn to the main subject:

The demand for industrial democracy may in Norway celebrate its 100 years anniversery, but in the history of the Norwegian Labour Party this question plays no prominent part in the first few years. From about 1910 an even stronger opposition worked within the party for the introduction of a more syndicalistic inspired policy, less cooperation in working life, less compromise in politics. Workers Councils came into being for the first time spontaneously in Norway in 1918, as a reaction to the high cost of living. These workers' councils were formed by the workers in several companies, but their activity was aimed at fighting for the workers' demands in respect to the high cost of living on the political level. The prototype for these councils was otherwise the soviet soldiers' and workers' councils.

Later the inflatory development lost momentum, partly because of improvements in foreign trade. The opposition within the Labour Party gained the ascendency over the party in the spring of 1918, and it no longer needed the councils as political instruments. Consequently, the political movement in Norway working life faded away during the spring of 1918.

Parliament, however, established a workers' commission in December 1918, as a result of a proposal from the Liberal Party government, and this workers' commission submitted its propositions in 1919/1920/1922. The majority in this commission stated that a reform was necessary on the grounds of justice to the workers, which entitled them to co-determination. It was necessary for socio-economic reasons, because it would promote the development of security. Finally, it was necessary for social reasons to create peace and order in the labour market and to avoid catastrophes similar to those which at the time, in many parts of the world were shaking societies to their foundations. According to the opinion of the majority all theoretical or practical objections that could be proposed in opposition to this reform, had to yield to this decisive regard for the welfare of society.

The minority in the commission opposed the majority proposition, which stated that a paritetical council should be given decisive authority in companies. The minority reasoned that the employers had the financial responsibility, and must therefore have the final decision.

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The right wing, or the Conservative Party, formed a government which in 1920, passed a law which came very close to the proposition of the commission minority. Advisory workers' councils were made voluntary institutions in all companies with more than 50 employees. After only few years this law lapsed and was formally abolished in 1962.

The law was - anyhow - passed as a temporary measure and none of the parties in industry regarded it as a satisfactory lasting arrangement.

A committee on socialisation set up by the Joint Committee of the Labour Party and Trade Union organisation, had in 1919 even opposed workers' representation on the boards of companies, arguing that "the aim of the private capitalistic company is to make profit for the owners at the cost of the consumers. In the board of such a company the worker representative will very easily become co-responsible for the system he is fighting against. He will also easily become morally responsible for the companys' management, without having a corresponding opportunity to exercise influence over it." When refering to this as late as 1938, the vice-chairman of the LO, who was also a leading Labour Party politican, subscribed to this principle.

In the programme of the Labour Party from the 1930's it was proposed: "new and satisfactory forms of economic organisation based on full industrial democracy and with complete workers' control of firms and industries". But the practical politicans were loyal to the considerations mentioned. It was the attitude of the LO which determined the Labour Party's viewpoints on this score, and after crises, unemployment and labour conflicts during the twenties, the first basic agreement in 1935 emerged as a voluntary agreement between the LO and the N.A.F.

The importance of this basic agreement, which forms part I of every collective agreement between the parties - can hardly be overestimated. Here for the first time we face an agreement regulating so to say the total scope between equal parties.

Even a superficial summing up like:

The basic agreement

1. secures:
   - The right to organise
   - The right and duty to negotiate
   - The recognition of elected shopstewards as spokesmen for the workers
   - The mutual rights and obligations of the undertakings and the shopstewards.

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2. gives provisions on:

- Procedure for conflicts, as
  - notice of termination of collective agreements on wages
  - sympatetic actions
  - voting procedures

gives us an idea why this agreement is called the very "constitution of working life".

The first basic agreement - it has since been renewed and amendment has been done quite a few times - had only been in force for five years when again a war created a new situation. In 1940 German forces invaded Norway and the occupation lasted for five years. Through those years a resistance movement arose. In our context the importance of the resistance movement is that it was recruited from all groups of the population and practically spoken from all political parties. Furthermore it was at least mentaly supported by nearly 100 % of the population.

During the years of occupation the industrial machinery was worn out or destroyed. Some cities were more or less damaged or destroyed, 1/5 of the country - the extreme nothern part - was figurly spoken, burnt out as well as evacuated by force. The nation had in addition lost 1/3 of her merchant fleet - for the greater part in Allied service. But, a strong and mutual will to rebuild the country in joint effort had arisen. In the last year of the war the leaders of the "Home Front" - which in fact was the Norwegian expression for the resistance movement - set up a committee consisting of members from the - in that period by the occupation forces abolished - political parties. The committees' efforts should be those of trying to work out a joint political programme for the first post-war period. Just after the Liberation in 1945 the committee proposal was submitted to the political parties which by and large accepted it.

A discussions about the workers' right to co-influence and co-determine had arisen both in the resistance movement as well as amongst the LO and the N.A.F. leaders in exile during the war, the joint political programme consequently had an own section on production committees for joint consultation.

The declariation on production committees were, however, handed over to LO and N.A.F. for negotiations and led to an agreement on production committees in fall of 1945.

For the first time - a voluntary agreement on co-operation and joint consultation for the best of both employees as well as the undertakings, had been created.

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Here we again see how our whole political system seems to be agreed that the organisations should play the main part in this development. There may sometimes be a confrontation and digressions into party-political issues, but eager and able hands are always ready to guide the general development into the more pragmatic and operational field of general agreements.

In the programme of the Labour Party from 1949 it will be seen that the production committees are proposed as the basis for further development of the workers' and white-collar people's right to take part in the management of society's production capital. Before the parliamentary election of 1953 there was, however, a much more controversial formulation in the working programme of the Labour Party. It proposed that white and blue collar employees should have the right to elect representatives to the company management, which means co-determination and recognition of their special interests and efforts.

However, nothing happend in this field, apart from the fact that the handful of state-owned companies in Norway obtained one representative for the employees or for the trade union on their boards.

On the political level post-war reconstruction of the country had first priority, and later the struggle for, and principles of, the welfare state were in the forefront. When the main organisations, in the negotiations on the basic agreements in 1957, agreed on a considerable extension of the rights of the shopstewards on the company level, and the Labour Party at the same time in their working programme for the parliamentary election the same year weakened their controversial viewpoint by again enphazising the production committees as the most important platform for further development, we seem to be faced with something more than a mere coincidence in time.

In the official committee on the Companies' Act, which was set up in 1947 by the Labour government, the LO in 1955 demanded that employees should have the right to elect representatives to the boards of directors and representatives to so called Corporate Assemblies in companies with more than 200 employees.

However, it was agreed to refer this question to negotiations between the LO and the N.A.F.

Other political parties in the same period submitted different viewpoint on profit-sharing. This was proposed by the Liberal Party, and in the Conservative Party the youth organisation argued in particular works for the property-owning democracy, i.e. workers' share and general spreading of shares in society.

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Actually nothing more really happened before the discussion again blowed up rather violently at the beginning of the sixties. The Liberal Party suggested in its programme from 1961 that the co-determination right should be discussed in a public committee, and in 1965 they proposed a set-up, giving the employees actual influence and co-determination.

LO and the Labour Party set up a joint committee, which issued a basic programme for discussion in 1962. After this had been discussed in trade unions and local parties, the committee suggested three main approaches:

1. An extension of the right of co-determination through the basic agreement, where the joint consultation arrangement between shopstewards and management is given a more obligatory form.

2. A new deal for training as part of industrial democracy with supporting measures such as payment for training period, etc. (The LO and the N.A.F. agreed in 1970 on establishing a new fund based on a weekly contribution of N.kr. 0,50 from each worker and N.kr. 1,- from employers for each of their workers participating in the arrangement. The fund is called The Training and Development Fund.

3. A democratic Corporate Assembly to the originally draftet proposals.
   (Proposal for this approach was put forward in Parliament by the Labour Party after it had been a couple of years in opposition, a position it had occupied for another two or three years.)

In 1961 a new party, the socialist People's Party, returned two representatives to Parliament, elected on a programme that had great affinity with the Labour Party's. The party demanded co-determination and co-responsibility for employees in companies - wether these were privately, publicly, cooperatively or municipally managed - incorporated in law, so that blue-collar and white-collar workers and technicians may manage these companies on a par with the company owners.

(I think it is only fair at this point to add that the Socialist People's Party today is a part of the so-called Socialistic Election-Alliance which holds 14 seats in the Parliament. The partners in the alliance are the Communist Party and the Free Socialists.)

Similar viewpoints may be found in the Labour Party's youth organisation. The youth organisations of the Liberal Party, the Center Party and the Christian Democratic Party also submitted proposal which more or less forced the Labour Party to take action at the parliamentary level. Such action was a proposal in 1967 for a democratic Corporate Assembly.

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In the meantime an event of the greatest importance in the scope of industrial democracy had taken place.

In the beginning of the 60's the LO and the N.A.F. agreed on starting a research project on industrial democracy - known as The Cooperation Project LO - N.A.F.
This project - under the able management of Mr. Einar Thorsrud and his Australian collegue, Professor Fred Emery, was carried through in two phases.

In the first phase the researcher concentrated on an examination of representative arrangement within undertakings and the importance for the employees of being represented on company boards.

The conclusions of this first phase lead directly to the next:

Field experiments on how to improve the conditions of personal participation and co-determination in the job-situation.

It is not too exaggerate to say that the researchers findings in the first phase added a new dimension to the industrial democracy aspect. In their conclusions - superficialy said - the researchers stated that if it is so that industrial democracy has something to do with the singel individuals' opportunity to participate and co-determine in the job-situation - then the representative system - under the prevailing circumstances - are not an answer good enough.

Through the second phase's experiments and through the later diffusion phase, it has proved that it is possible to amend the organisation of work in a way that takes care of the wish for higher job-satisfaction and co-determination.

Anyhow - up till 1964 - the year for the first research report - the discussion and disagreements on industrial democracy had been fixed on representative arrangements. From hence on everyone has been forced to take into consideration the wider scope.

Another event took place in 1966. In the negotiations on a renewal of the basic agreement the N.A.F. proposed that a new part - Part B - The Cooperation Agreement - to be added.

LO agreed, and in the new part of the basic agreement detailed provisions on a new cooperation set-up within undertakings will be found. This new set-up consisted of compulsory works councils in every undertaking with more than 100 employees, department councils, co-operation committees, information meetings and enterprise-conferences. None of this bodies had - and, but for the department councils which today might have decisive authoroty within limits set by the company management - still not have decisive authoroty.

Let it also be mentioned that as a consequence of provisions in Part B in the basic agreement, a Cooperation Council between LO and N.A.F. has been in operation since 1966.

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On the political stage a rapid development took place from 1968 - 1973.

In the beginning of 1968 the coalision government appointed a committee consisting of 5 neutral members, two appointed by N.A.F. and two by LO. This committee named after the chairman - Mr. E.F. Eckhoff - Judge of the Supreme Court - was to prepare a report on the problems related to industrial democracy, and to propose a solution on the question of employees participation in decissionmaking within industrial enterprises.

The Committees report, delivered in February 1971, was not unanimous. The two LO members - in minority - proposed to add provisions in the Company Act securing the employees to be represented both at the board of directors, as well as in a new body, the Corporate Assembly.

Two of the neutral members and the members appointed by N.A.F. opposed the adoption of new provisions for the time being, and rejected the idea of instituting a new body within the undertakings. On the other hand the majority proposed that voluntary experiments with employees' representatives on the board, ought to be carried through in a number of companies over some years.

One of the neutral members proposed that enacting of the employees right to be represented at board level should be carried through immediately. This member, like the majority, rejected the idea of a Corporate Assembly. As it was obvious that this member would form a "one woman minority", she alternatively voted for the proposal of the majority.

In the spring of 1972 the Parliament adopted certain important additions to the Companies Act. These additions affected the boards of companies and their composition and furthermore a new body, the Corporate Assembly, was created. The new provisions give the employees in companies with between 50 and 200 employees a right of electing representatives to the company boards. In companies with more than 200 employees a corporate assembly with important powers of decision shall be organised. The employees elect one-third of the members of the Corporate Assembly.

The additions to the Act are on the whole in agreement with the proposals from the minority of the Eckhoff Committee.

During the discussion of the Bill in the Local Government Committee in the Parliament there was agreement on all points except one. The point where the Parliamentary Committee was not unanimous deals with the authority of the Corporate Assembly in relation to the company board. The representatives of the Labour Party and the Center Party, voted for the proposal that the Corporate Assemblies should decide in matters concerning substantial investments or extensive rationalisation or alteration of the operations.

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The minority, the representatives of the Christian Democratic Party, the Conservative Party and the Liberal Party, voted for the proposal that the company should consult the Corporate Assembly in such matters. The majority proposal was carried.

The representatives of the Conservative Party submitted a proposal that the provisions concerning the Corporate Assembly might be disregarded by agreement between the parties of the company. This was not carried.

The additions in the Company Act came into force from the First of January 1973, and so far it seems like they function up to the expectations.

My task has been to give a description to you on the development of the industrial democracy idea from the past up till today. I don't know wether I have succeeded or not. It is a long way - a march through a hundred years - which lead us to the situation as we find it today.

It may well be asked: Has the marching idea reached its goal? I do not know - but I doubt it.
Both the formal and informal development of the idea seems more to be a continuous process rather than a march from one fixed point to another.

Anyhow, the labour movement which arose the industrial democracy idea, still seems to be in a marching position and as far to the development through agreements the movement seems to be accompanied with their counterparts - the employers.